

**Board of Contract Appeals**  
General Services Administration  
Washington, D.C. 20405

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August 6, 2002

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GSBCA 15785-RELO

In the Matter of APRIL K. HUNT

April K. Hunt, Warner Robins, GA, Claimant.

R. Michael Imphong, Chief, Allowances Unit, Personnel Resources, Legislation and Entitlements, Department of the Air Force, Washington, DC, appearing for Department of the Air Force.

**BORWICK**, Board Judge.

In this matter claimant, April K. Hunt, challenges the Department of the Air Force's denial of certain real estate expenses incurred by claimant resulting from the sale of her residence incident to her permanent change of station. We grant the claim in part. Claimant is entitled to reimbursement of the loan processing fee and appraisal fee.

On or about April 2, 2001, claimant sold her house in Live Oak, Texas. The agency denied claimant's request for reimbursement of the following buyer's closing costs which claimant paid:

(a) Flood certification fee	\$16.00
(b) Loan funding fee	85.00
(c) Loan transfer fee	65.00
(d) Loan processing fee	375.00
(e) Underwriting fee	349.00
(f) Courier fee	50.00
(g) Federal Express fee	45.00
(h) Option fee	10.00
(i) Appraisal fee	325.00

The agency denied reimbursement of the flood certification fee because it was customarily paid by the buyer, not the seller. The agency denied reimbursement of the loan funding, loan transfer, loan processing, and underwriting fees because it considered those fees to be non-reimbursable finance charges. The agency denied reimbursement of the courier/Federal Express fees as non-reimbursable according to a Comptroller General's decision, 68 Comp. Gen. 373 (1989). The agency denied reimbursement of the option fee

because it was credited to the sales price at closing. The agency denied reimbursement of the appraisal fee because the contract stated that the buyer had paid the fee.

By letter of December 10, 2001, to the agency, which served as her appeal to the Board, claimant contested the denials of reimbursement for the loan funding, loan transfer, loan processing, and underwriting fees, as well as the appraisal fee. We consider whether the agency properly denied reimbursement of those fees. Claimant did not contest the agency's denial of the flood certification, courier, Federal Express, and option fees. We therefore do not consider them to be at issue in this matter.

#### Loan Funding, Loan Transfer, Loan Processing, and Underwriting Fees

The Joint Travel Regulations (JTR) at C14402-A.4.b.(5), make non reimbursable:

[any] fee, cost, charge or expense determined be part of the finance charge under the Truth in Lending Act, Title I, PL 90-321 [15 U.S.C. § 1605 (2000)] and Regulation Z issued in accordance with PL 90-321 by the Board of Governors of the Federal Reserve System unless specifically authorized in subparagraph (a) above.

The JTR specifically authorize reimbursement of a loan origination fee which is paid by the borrower to compensate a lender for administrative type expenses. C14002-A.4.a.(2). The JTR also allow reimbursement of a loan assumption fee, loan transfer fee, or similar type fee, if they are assessed in lieu of a loan origination fee and reflect charges for services similar to those covered by a loan origination fee. Id.

The sole ground for the agency's denial of reimbursement of these fees is that the fees here were non-reimbursable finance charges. The record shows, however, that the loan processing fee of \$375, which is the equivalent to a loan origination fee, covers administrative type expenses and is thus expressly allowed by the JTR. This fee is reimbursable.<sup>1</sup>

Claimant has not demonstrated that the other fees are anything but finance charges incident to an extension of credit, and in the absence of evidence to the contrary, we must conclude that the fees are associated with an extension of credit and thus non-reimbursable. David L. Malone, GSBCA 15817-RELO (Aug. 2, 2002); Paula K. Fowler, GSBCA 15384-RELO, 01-1 BCA ¶ 31,281; Richard A. Poisel, GSBCA 15330-RELO, 01-1 BCA ¶ 31,284.

#### Appraisal Fee

The agency denied claimant reimbursement of the appraisal fee because the buyer had incurred the expense. The agency now admits that claimant incurred the expense on behalf

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<sup>1</sup> Unlike its challenge to the flood certification fee, the agency did not argue that the loan processing fee was customarily paid by the buyer and not the seller. See JTR C14002-A.4.a(2). Since the agency does not challenge reimbursement on that ground, we do not consider it.

of the buyer and that the expense is reimbursable to claimant. The JTR make the customary cost of appraisal reimbursable. JTR C14002-A.2. The agency does not challenge the cost of the appraisal. Claimant is entitled to reimbursement of that expense.

The Board grants the claim in part. Claimant is entitled to reimbursement of the loan processing fee (\$375) and the appraisal fee (\$325).

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ANTHONY S. BORWICK  
Board Judge

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